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SUBJECT: MEDIA REACTION: ECUADOR FOREIGN POLICY AND
RELATIONS WITH VENEZUELA

1. Newspapers have reported widely on visits to Caracas of the foreign affairs and economics ministries, which included meetings with Chavez, and increasing ties between Ecuador and Venezuela. An article in the July 15 El Universo is entitled "Change in foreign policy" and includes an interview with foreign minister Parra in which he makes the following points:

1. Although Ecuador will respect the agreement establishing the Manta FOL, if Parra were minister in 2009 when the agreement terminates, he would "cut off his hand" before renewing it."

2. Plan Colombia began as a war against drugs but became a U.S. intervention in Colombia with effects in Ecuador, Venezuela, and Panama.

3. Ecuador has "magnificent" relations with Venezuela, Brazil, and the U.S. Ecuador now has a different foreign policy. If Venezuela offers good proposals for cooperation, Ecuador will accept, just as it would do with the U.S. Papers also reported that economics minister Correa met with Chavez and other officials to discuss financing of Ecuadorian debt to cover an anticipated budgetary shortfall. Following are two editorials dealing with Ecuadorian foreign policy.

1. "Pragmatism or External Improvisation," an editorial (07/15) in Quito's leading centrist "El Comercio" (circ. 90,000)

Quote: ". . .we hope there is a global strategic plan for security, one that would establish adequate priorities and maintain the coherence needed for the respectability of a sovereign republic. . . It is possible .that the Government's foreign policy attempts to be pragmatic and discreet. In that line, it is trying to cooperate with Colombia in providing strict security along the border by turning over an alleged guerrilla, it is attempting a financial and political rapprochement with Venezuela, and it is maintaining a cordial but formal relation with the U.S. Will this idyllic scheme work in the present continental scenario?

2. "Hunger and Need," an "Analysis" column in Quito's center-left "Hoy" (circ. 38,500)

Quote: "A relationship [of Venezuela] with the Ecuadorian government modifies the axis of international relations in the region; after the Lucio Gutierrez regime's unconditional support for State Department policies, an alliance of Argentina, Brazil, and Venezuela that is not to Washington's liking and that inclines towards trade alliances opposed to the U.S. FTA, seems to add a new partner.

"This Chavist need of consolidating a Bolivarian alliance, or offering the image that such an alliance is a reality, encounters the pressing liquidity issues faced by [Ecuadorian president] Alfredo Palacio and his Minister of Economy, Rafael Correa, . to patch a hole of at least US\$ 484 million in the general state budget and support almost US\$ 700 million in Treasury Certificates (internal debt) that are to expire.

"It is understood that in international relations and in negotiations between governments, there are only interests. . . If to that it is possible to add elements of a common shared history, then Rafael Correa might tell international organizations that it is possible to resolve short term problems without their tutelage. What is difficult to affirm though, at this time, is if that is a solution to long term challenges."

HERBERT